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TAGS: [PREL](#) [PGOV](#) [UNSC](#) [KPAL](#)  
SUBJECT: UNSC: UNSCO DE SOTO DISCUSSES CONUNDRUM OF  
PALESTINIAN ASSISTANCE

Classified By: Ambassador Jackie W. Sanders. E.O. 12958.  
Reasons 1.4 (b/d)

11. (C) Begin Summary: During his monthly briefing February 28 to the Security Council, the UN Special Coordinator on the Middle East Alvaro de Soto discussed the determinants of the current Palestinian assistance conundrum and the consequences of international inaction. Reporting that it is too soon to discern the shape or substance of a Hamas government -- and highlighting indications that Hamas itself has not yet decided these questions -- de Soto argued that the international community must ensure the financial stability of the Palestinian Authority (PA) caretaker government, asserting 700,000 Palestinians depend on PA wage earners. Urging the international community to help the parties to make wise choices during this "unscripted moment," de Soto argued that actions which ensure the PA does not collapse will protect the investment in Palestinian institutions dating to Oslo, and assure Palestinians that they are not being punished for exercising their democratic rights.

12. (C) De Soto also previewed the "agonizing" dilemmas for international donors following the formation of the new Palestinian government. He noted that some "very important donors" might be compelled to cut off assistance entirely due to legal restrictions. He explored the difficulty of defining what we mean by assistance to a "terrorist organization." If the assistance benefits the Palestinian people, not Hamas, would it be acceptable? How do we create mechanisms that channel assistance to the people through the PA while preventing such assistance from falling into the "wrong hands"? How do we work with ministries headed by Hamas ministers? De Soto also called the Council's attention to the fact that even if the international community identified ways of sidestepping Hamas officials to work with PA institutions; a Hamas-led government may not choose to relinquish its control over the civil service. While raising more questions than he answered, De Soto reported that the UN is reviewing its programs of assistance and trying to identify possible options.

13. (C) Most Council members acknowledged the importance and timeliness of the assistance issue. France referenced the recent "courageous" EU decision to provide assistance to the PA and challenged others to carry out their assistance commitments. Russia said Moscow would closely follow the "Quartet guidelines" in its upcoming meeting with Hamas, and argued the purpose of the meeting is to encourage Hamas to abandon violence and engage fully in the political process. Japan said that its FM had counseled patience to his Israeli counterpart. Ambassador Bolton commended de Soto for his candid briefing, which helpfully identified for the Council issues of concern. End Summary.

14. (C) During his regular monthly briefing to the Security

Council February 28, UN Special Coordinator (UNSCO) for the Middle East Peace Process and Personal Envoy of the Secretary-General to the Palestine Liberation Organization

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and the Palestinian Authority Alvaro de Soto characterized the current situation in Israel-Palestine as an "unscripted moment." He outlined the key events leading to the current situation: the democratic election of a Palestinian organization still formally committed to the destruction of Israel; the unfinished process of forming a new Palestinian government; and decisions by Israel which, engaged in an "extremely delicate" election campaign where future Palestinian policy is a central issue, has halted the transfer of revenues to the Palestinian Authority and tightened its closure regime. In the public Security Council session (faxed to IO/UNP and NEA/IPA) and in the subsequent closed and frank consultations with Security Council members, de Soto focused on the consequences of those events: the conundrum of ensuring financial support for the Palestinian Authority as a caretaker government, and for the Palestinian people, who could soon be led by a government possibly unacceptable to the international community.

#### Determinants of Palestinian Assistance

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15. (C) Making the wait-and-see case for Hamas, De Soto said that Hamas is still digesting the election results. He said that internal debates are taking place on how to structure a government Hamas never expected it would have to run. De Soto noted that while Hamas has neither renounced terrorism nor its covenant to destroy Israel, it has participated in elections for the first time -- breaking its vow not to participate in an Oslo-related institution -- and it has generally respected the cease-fire. Thus, while we do not know whether the trend will continue, Hamas is behaving like a political party. As a political party, de Soto observed,

Hamas is keenly aware that a majority of the Palestinian people do not/not support Hamas' charter and do/do support a two-state solution. Moreover, de Soto continued, conditioning its participation in a Hamas-led government on adherence to Mahmoud Abbas' program, provides Fatah with the leverage to positively influence on the shape of the new government. De Soto also noted that Hamas leader Khalid Mishal's recent travels in the region have been opportunities for him to hear the Quartet message. De Soto said that the choices Hamas will make are the single most important variable that will shape the future of the conflict and it will take time for clarity to emerge as to what those choices will be.

16. (C) De Soto urged the international community to continue to support the caretaker Palestinian Authority while Hamas is making its decisions and forming its government. He recalled that the Quartet has stressed the importance of stabilizing the finances of the PA during the caretaker period. He noted that the Palestinian Authority itself provides much assistance -- some 700,000 Palestinians are dependent upon the salaries of health, educational and security PA personnel -- and withdrawal of assistance would impact negatively on the ability of the PA to function and likely cause social unrest. De Soto also cautioned that funneling money through NGOs would result in the degradation of Palestinian institutions the international community has worked so hard since Oslo to develop. He noted that what is turned off cannot easily be turned back on again.

17. (C) Finally, de Soto argued, during the current internal Hamas debate, we need to strengthen the position of the moderates by ensuring that the Palestinian Authority not be allowed to collapse. Moreover, as we await the formation of the new government and its programs to assess its commitments to principles so that we may determine our willingness to provide assistance, we should be alert to the danger that cutting off assistance before then might be interpreted by Palestinians and Arab world as punishment of Palestinian

people for the way they voted on January 25.

¶18. (C) Commenting on facts on the ground impacting the current situation, de Soto said Council members needed to be aware of the deep frustrations verging on despondency that the Israeli closure regime and harsh security measures have created. However, he noted his satisfaction at having read for the first time in many years that that an Israeli official -- Prime Minister Olmert -- had expressed the hope of attaining a "final settlement" agreement.

¶19. (C) During closed consultations, de Soto -- while emphasizing the imperative to "maintain clarity" and send a consistent and clear message to Hamas that it must abide by the three principles outlined in the Quartet statement -- explored the "agonizing" dilemmas that may well await the international community once the new Palestinian government is formed. Raising more questions than he answered, de Soto talked of the difficulty of sustaining the investment in and performance of PA ministries that may be headed by Hamas leaders. Noting that some "very important donors" may be legally required to cut off assistance to a Hamas-led government, de Soto wondered if the international community could create effective firewalls so as to continue to assist the Palestinian people through the PA without inadvertently supporting the "wrong hands." While reporting that the UN is undergoing an internal review of its assistance in light of this prospective dilemma, de Soto also cautioned that a Hamas-led government might not accept actions that undermine its authority over the PA civil service.

Council Members Comment: Qatar, France, Russia  
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¶10. (C) Only Qatar, France and Russia offered extended remarks on the presentation. Qatar Minister Jamal Al-Bader underscored the importance of financial assistance for the Palestinian Authority. He said that Israel's decision to withhold customs revenues threatened the collapse of the Palestinian Authority and noted that there cannot be a Palestinian state living side-by-side with an Israeli state if the Palestinian Authority is not provided with the funds it needs. He also argued that the Palestinian people should not be punished for exercising their rights and that measures cannot be taken against a government that has not yet been formed.

¶11. (C) French Deputy Permanent Representative Michel Duclos made three points. First, the formation of a Palestinian government is what is important and that we have to wait for that to happen. But in the interim, the international community must work to influence the outcome by providing support for the government responsible for day-to-day affairs. The EU has taken a courageous position by deciding to fund the PA and all countries in a position to do so must abide by the commitments they made. Secondly, the Council must publicize for Hamas the Quartet's clear message on the fundamental principles that must be respected -- the renunciation of violence, the recognition of Israel's right to exist and commitment to the Roadmap and other obligations. Finally, the international community must support the role of Mahmoud Abbas and his bold reaffirmation of principles.

¶12. (C) Russian Permanent Representative Andrey Denisov said that Mahmoud Abbas would remain a key figure on the Palestinian scene and deserved the support of the international community. He said that continued assistance is important, that the interests of the Palestinian people are foremost. Commenting on the imminent visit of Hamas leaders to Russia, he said that Russia would tell Hamas it must abide by Quartet principles. In a subsequent conversation with deputy polcouns, Denisov said Russia recognized that, unlike the USG and the EU, Moscow has the "legal flexibility" to meet with Hamas and is seeking to employ this advantage to urge Hamas to abandon violence and fully engage in the political process. While speaking in the

Council, he also said that Russia is concerned about the stagnation of the Syrian track and argued that Damascus should not be isolated.

#### Other Comments

¶13. (C) Most other Security Council representatives welcomed the frank discussion of the problem of Palestinian assistance, and noted the need to continue to support the Palestinian people. Greek PR Adam Vassilakis said we should judge the new Palestinian government not by its rhetoric but by actions. Argentinean PR Cesar Mayoral said that the Security Council needed to send a message to the Palestinians that they were not being punished, but that Hamas must commit itself to non-violence. He noted Special Envoy James Wolfensohn's warnings on the fragility of Palestinian Authority finances. The Japanese, Slovakian, Ghanaian, Danish and Tanzanian representatives all said that Hamas should be given time to act before being accepted or rejected as a partner.

¶14. (C) Several countries, notably Japan, Qatar, France and Argentina, regretted the impact of recent Israeli restrictions on movement and extrajudicial killings. Japanese PR Kenzo Oshima said his Foreign Minister had used a recent visit to urge Israeli FM Livni to respond with patience and restraint.

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